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UNCLAS SECTION 01 OF 02 TEL AVIV 000675

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TAGS: [PREL](#) [PGOV](#) [IS](#)
SUBJECT: NETANYAHU REQUESTS EXTENSION IN EFFORT TO BRING
LABOR INTO COALITION

REF: A. TEL AVIV 646
[1](#)B. TEL AVIV 580

[1](#)1. (SBU) SUMMARY. On March 20 President Shimon Peres granted Prime Minister-Designate Binyamin Netanyahu's request for a 14-day extension to form a coalition. Netanyahu's request stemmed from the agreement he reached the evening of March 18 with Labor party chief and Defense Minister Ehud Barak to join his government. The extra time allows Barak an opportunity to have his party approve the plan to partner with Netanyahu, but Barak faces strong internal opposition. Netanyahu also has not given up hope on Kadima, and his party has leaked details of what he has offered to entice that party to join. If Labor (or Kadima) joins the coalition it would help Netanyahu take office with a more balanced government, but it also would leave Likud party stalwarts with few and relatively junior ministerial posts, which could prompt intra-party squabbling. End Summary.

POTENTIAL PACT WITH LABOR COMPELS
NETANYAHU TO REQUEST AN EXTENSION

[1](#)2. (U) Netanyahu on March 20 requested and received from President Shimon Peres a 14-day extension of the deadline (now April 5) to secure a governing majority. Netanyahu in the past few days appears to have reached an agreement with Labor Chairman Barak to bring Barak's faction into the new government. Even before the election, Netanyahu had indicated that he wanted to form a unity government and keep Barak as Defense Minister. Barak, however, must first gain approval from his party, which is scheduled to formally consider the proposal on March 24. A vocal group of leftwing Labor MKs has voiced strong opposition to joining the government, and is attempting to form a blocking majority while also looking for procedural roadblocks that would delay the meeting until after Netanyahu's extension expires. Labor MKs opposed to joining the government argue that the party's path toward re-gaining relevance lies in serving in the opposition. Barak has countered that Israel faces critical issues and that the party can serve the nation better from inside the government. Also, Labor would gain nothing by playing second-fiddle to Kadima in the opposition. A poll recently conducted by the Panorama Marketing Institute in Israel showed that more than 60% of Labor party voters support their party joining the government.

[1](#)3. (SBU) Likud and Labor officials think their talks will put pressure on Kadima to join a broad-based coalition. Two Kadima MK's close to party chief Tzipi Livni told poloffs on March 19, however, that their party is destined for the opposition following the failure of Livni and Netanyahu to come to terms. The Likud Party leaked to the press details regarding what Netanyahu offered Livni (including keeping the foreign ministry portfolio and leading negotiations with the Palestinians) as another means of public pressure, but, for now, Livni remains adamantly opposed.

POTENTIAL IMPACT ON THE RIGHTWING

14. (SBU) A Likud political advisor told poloff March 19 that he anticipated a deal with Labor would alienate the rightwing National Union Party, but that party would not be necessary to form a coalition. He affirmed that discussions with the two ultraorthodox parties (SHAS and UTJ) continued and did not foresee major obstacles to their joining the coalition. The new "Jewish Home" party was also likely to join, but its three Knesset members are at odds with each other over political spoils rather than ideological positions.

ANY SLOTS LEFT FOR LIKUD?

15. (U) Netanyahu's decision to offer Barak the defense portfolio means that if Labor goes along then none of the senior ministries will go to the incoming premier's party colleagues (Note: Netanyahu appears ready to maintain the finance slot for himself -- for the moment, at least -- and has already agreed to give the foreign affairs post to Yisrael Beitenu head Avigdor Lieberman. End Note.). The Likud leader has managed to keep a lid on any internal strife as he conducted coalition negotiations, but he will face a test of party unity when deciding which post to offer Silvan Shalom, who has been the most vocal in complaining about portfolio distribution.

TEL AVIV 00000675 002 OF 002

16. (SBU) COMMENT: We do not view Netanyahu's request for an extension as an indication that he will be unable to form a government. He genuinely wants a broad-based coalition, but if he fails to lure Labor (or Kadima) he still has a narrow rightwing and ultraorthodox bloc of parties that he could present to the Knesset early next month. Even if Barak prevails in his bid to gain party backing to join the government, his party may fracture, as some Labor MKs seem adamant about opposing Netanyahu's government. End Comment.

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